

# EXPLANATORY MEMORANDUM FOR SHAREHOLDERS OF GLAXOSMITHKLINE CONSUMER NIGERIA PLC ON THE PROPOSED CANCELLATION OF SHARE CAPITAL



GlaxoSmithKline Consumer Nigeria PLC 0018720

## The Agenda for the Extraordinary General Meeting scheduled to hold on Thursday, December 8th, 2022.

### A. PREAMBLE

At the forthcoming Extraordinary General Meeting (“EGM”) of GlaxoSmithKline Consumer Nigeria PLC (“the Company”), the directors of the Company (the “Board”) have recommended for shareholders’ approval, resolutions for the cancellation of Three Hundred and Four Million, One Hundred and Twenty-Three Thousand, Five Hundred and Twelve (304,123,512) unissued ordinary shares of 50 Kobo each which comprise the total number of unissued shares in the capital of the Company: (the “Cancellation”). This Explanatory Memorandum provides information on the rationale for, and proposed implementation of the proposed Cancellation.

### B. RATIONALE FOR THE PROPOSED CANCELLATION

- i. The Corporate Affairs Commission (“CAC”) by a notice titled ‘Public Notice: Existing Companies and the Requirements of Issued Share Capital under the Companies and Allied Matters Act of 2020’ and dated April 16, 2021 (the “CAC Notice”), instructed all existing companies incorporated in Nigeria to comply with the provisions of the Companies and Allied Matters Act No. 3 of the 2020 (as amended) (“CAMA”) and the CAC Regulations 2021, by ensuring that there are no unissued shares existing in their share capital by December 31, 2022.
- ii. In order to ensure compliance with the CAC Notice as well as avoid the imposition of any penalties on the Company, the Board obtained, considered the different options available to it vis a vis the Company’s capital requirement and the impact on the dividends per share in the future. In this regard, the Board resolved to cancel the shares and sought legal advice on the process for cancellation.
- iii. In connection with the Cancellation, the Board was duly advised as follows:
  - Whilst there is no specific provision of CAMA or the CAC Regulations 2021 that sets out a process for cancelling unissued shares of companies without more; (ostensibly because CAMA does not recognise unissued shares), there is no provision of Nigerian law which would preclude shareholders from effecting the cancellation of unissued shares by passing a resolution to that effect.
  - Section 868 of CAMA defines “share capital” as the “issued share capital of a company at any given time”. Accordingly, to the extent that CAMA no longer recognises or acknowledges unissued shares as forming part of a company’s share capital, the extinguishment of such unissued shares (by way of cancellation) does not result in a reduction of the company’s said capital.

### C. IMPLEMENTATION OF THE PROPOSED CANCELLATION

- i. To implement the Cancellation, the following key authorisations and actions are required:
  - Board resolution recommending the Cancellation to the Company’s shareholders – the Board has passed this resolution, at a meeting of the directors of the Company dated 27 October, 2022.
  - Shareholders’ resolution approving the Cancellation and altering the Company’s Memorandum and Articles of Association (“MemArts”) to reflect the revised share capital of the Company.
  - Making the relevant filings at the CAC recording the cancellation of the unissued shares and alteration of the Company’s MemArts.
- ii. Upon conclusion of the Cancellation:
  - The company will cease to have unissued shares in its share capital and would thus have complied with the requirements of the CAC Notice;
  - There shall be no change in the number of issued shares of the Company and/or the proportional shareholding held by each Shareholder; and
  - There shall be no financial, tax, legal and/or other obligations imposed on the Shareholders in connection with their respective shareholdings in the Company.

### ON BEHALF OF THE BOARD

**Frederick Ichekwai**  
COMPANY SECRETARY